

**Victim Compensation and Government Claims Board**

**Charitable Campaign Program**

**August 22, 2003**

**630 K Street  
First Floor Hearing Room  
Sacramento, California**

**APPLICATION FILED BY UNITED WAY OF MERCED COUNTY TO PARTICIPATE  
IN THE 2003 CALIFORNIA STATE EMPLOYEES' CHARITABLE CAMPAIGN**

**Summary**

The United Way of Merced County is a non-profit organization seeking to participate in the 2003 California State Employees' Charitable Campaign as a Principle Combined Fund Drive (PCFD) Agency serving the Merced region. The United Way of Merced County did not submit a timely application for participation in the Campaign and, therefore, it was not included with the 31 other PCFD applicants that were approved at the June 27, 2003, Board meeting. Upon learning of its error and in order to ensure service to state employees in that region, United Way of Merced County submitted on August 4, 2003, a late application requesting Board approval as a PCFD. (Attachment A).

United Way of Merced is qualified to serve as a PCFD for the Merced region. Although its application indicated that the fundraising and administrative fee it would charge to employee designated beneficiaries would be 22%, staff recommends approval of the late application with a fundraising and administrative fee limited to 18%.

**Discussion**

Pursuant to Government Code section 13923, the Board is responsible for approving applications of agencies to be considered a PCFD of a particular geographic area. The Board is to select the agency that is "the public donation appeal of an area which combines in one specific annual drive the greatest support for charitable agencies that depend upon public subscriptions for support." (Cal. Code Regs., tit. 2, § 633.9(a)(1).) In selecting a PCFD, the Board uses the following criteria:

1. The number of charitable agencies in the area which rely on the drive for their support;
  2. The number of dollars raised in the area during the last completed fund drive; and
  3. The percentage of such dollars disbursed to charitable agencies as a result of the drive.
- (Cal. Code Regs., tit. 2, § 633.9(a)(2).)

The PCFD's responsibilities involve:

1. Publishing and distributing Campaign literature, which includes a listing of the approved non-affiliated organizations in each PCFD agency's campaign areas as well as the PCFDs' own affiliate agencies;
2. Distributing pledge/designation forms to State employees during the workplace solicitation process; and
3. Transmitting contributions to the designated organizations (less fundraising and administrative expenses as approved by the Board).

United Way of Merced County is an uncontested PCFD applicant for its particular geographic area. Pursuant to Government Code section 13923(e), United Way of Merced County certified that it is qualified as an exempt organization under both Section 23701d of the California Revenue and Taxation Code and Section 501(c)(3) of the United States Internal Revenue Code of 1954, and certified its compliance with the provisions of the California Fair Employment and Housing Act, Part 2.8 (commencing with Section 12900). Its nonprofit status has been verified with the Internal Revenue Service. Although United Way of Merced County submitted its application after the application deadline had passed, nothing in statute or regulation would prohibit the Board from approving the late application.

On its application, United Way of Merced County indicated that the fundraising and administrative cost it would charge to the employee designated beneficiaries for fundraising and administrative expenses would be 22%. Staff has been unable to contact anyone at United Way of Merced County who can authorize a reduction in this percentage. The Board has the authority to determine the amount of this fee pursuant to Government Code section 13923(e). With few exceptions, the PCFDs that have been approved by the Board over the past several years have indicated they would charge no more than 18%.

The PCFD application also includes certification forms from affiliated member beneficiary organizations that are directly associated with United Way of Merced County. Affiliated organizations are eligible to receive Campaign contributions through their PCFD association. Pursuant to Government Code section 13923, all affiliate applicants have certified to be qualified as exempt organizations under both Section 23701d of the California Revenue and Taxation Code and Section 501(c)(3) of the United States Internal Revenue Code of 1954, and all have certified compliance with the provisions of the California Fair Employment and Housing Act, Part 2.8 (commencing with Section 12900). Every affiliate applicant has had its non-profit status verified with the Internal Revenue Service. Fifteen affiliate organizations have applied to the Board under the United Way of Merced County. (Attachment B).

## **Recommendation**

United Way of Merced County has met all of the requirements of a participating Principle Combined Fund Drive Agency; no other agency has submitted an application to serve that region; and the state employees in Merced County will be served. Staff recommends approval of

the late application, with a limit of 18% of the amount United Way of Merced County collects to be charged to the employee designated beneficiaries as its fundraising and administrative fee.

**Attachments**

- A. Report showing pertinent Campaign information regarding the United Way of Merced County.
- B. Listing of United Way of Merced County's Affiliated Organization Applicants.